

STATEMENT OF PURPOSE

RS21825

Under current Idaho Code Section 63-3029A, voluntary donations to qualified higher education institutions, elementary or secondary institutions and specified 501(c)(3) nonprofit organizations located in Idaho receive an income tax credit for charitable contributions. In order to take advantage of these credits, many eligible entities are required to form separately governed nonprofit foundations that are tax-exempt under Internal Revenue Code 501(c)(3).

For these organizations, the annual cost of keeping their nonprofit status in compliance with all state and federal regulations can eat up a significant portion of their annual revenue. Additionally, these foundations often rely on volunteers as they typically have no paid staff, permanent accountants or bookkeepers. Historically many small organizations have lost their tax-exempt status through failure to file Form 990 annually. This amendment would establish a mechanism through the Idaho Community Foundation whereby small organizations would have the option to deposit their funds into a dedicated account. This dedicated account would be established to exclusively support the charitable purpose that would otherwise qualify the donor for the tax credit.

FISCAL NOTE

There is no anticipated fiscal impact.

Contact:

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